

THE HONORABLE JAMES L. ROBERT

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

PACIFIC BIOSCIENCE LABORATORIES,)
INC. a Washington Corporation)

Plaintiff,)
v.)
NUTRA LUXE MD, LLC a Florida Limited)
Liability Company,)

Defendant.)

No. 2:10-cv-00230-JLR

DEFENDANT’S MOTION TO STAY

**NOTED FOR CONSIDERATION:
NOVEMBER 19, 2010**

Defendant Nutra Luxe MD, LLC (“Nutra Luxe”) moves this Court to stay these proceedings pending the conclusion of the reexamination of United States Patent No. 7,320,691, the patent-in-suit, which was ordered by the United States Patent and Trademark Office (“USPTO”). On September 30, 2010, the USPTO issued an Order Granting Request for Ex Parte Reexamination (“Order”) in which the USPTO granted Pretika Corporation’s request to reexamine numerous claims of United States Patent No. 7,320,691 (“the ‘691 patent”) in light of prior art that had neither been cited to nor considered by the USPTO. *See* Order, attached as Exhibit A to the Declaration of Jeffrey Weiss (“Weiss Declaration”), filed concurrently herewith.¹ Pretika is the Defendant in Case No. 2:10-cv-00231, another action

¹ As noted previously (see Doc. 23), Nutra Luxe has also filed a request for reexamination with respect to the ‘691 Patent, which has not yet elicited a decision by the USPTO.

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1 filed by Pacific Bioscience Laboratories, Inc. that is pending in this Court based on the ‘691
2 Patent, and which has a coordinated Markman schedule with this action.

3 As explained in the Order, the USPTO found that the never-before cited prior art
4 created substantial new questions of patentability. All of the claims that have been asserted
5 against Nutra Luxe in this litigation are encompassed by the Order. To conserve both judicial
6 resources and resources of the parties, Nutra Luxe hereby moves to stay this litigation pending
7 the ordered reexamination.

8 This motion is supported by the aforementioned Declaration of Jeffrey Weiss and the
9 exhibits appended to that declaration.

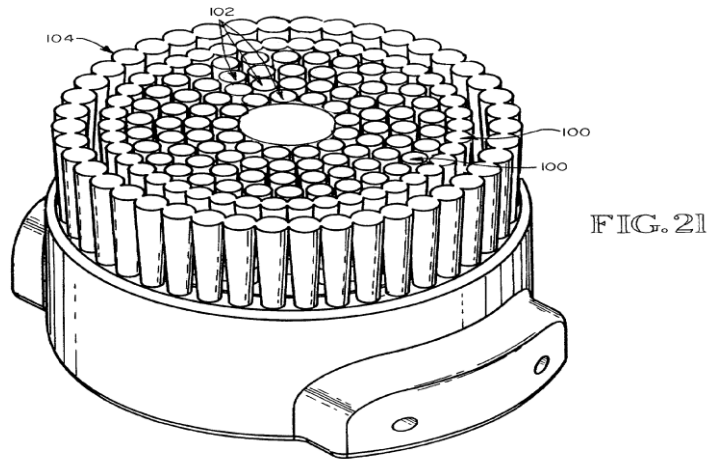
10 I. STATEMENT OF FACTS

11 Nutra Luxe is a Florida corporation that engages in the business of developing and
12 selling personal care products, including power-assisted personal care facial devices. One of
13 Nutra Luxe’s products is the Nutra Sonic Face and Body Brush System (“Nutra Sonic
14 System”). Nutra Luxe’s product helps to diminish fine lines and wrinkles, reduce pore size,
15 eliminate oily skin, prevent blemishes, and remove dead skin cells. *See* Weiss Declaration, ¶
16 3.

17 Pacific Biosciences Laboratories, Inc. (“PBL”) brought this action against Nutra Luxe
18 claiming that Nutra Luxe’s manufacture, use, sales, and importation of the Nutra Sonic
19 System infringe United States Patent Number 7,320,691 (“the ‘691 Patent”). PBL has also
20 asserted the ‘691 Patent against Pretika, with respect to a product called the
21 SonicDermabrasion Facial Brush. The ‘691 Patent is directed to a device for the treatment of
22 early state acne that concerns mechanical and/or acoustic devices for applying energy to the
23 skin in the vicinity of the early state acne lesion, i.e., the sebaceous plug. The ‘691 patent
24 describes a device incorporating a rotary brush, much like electric toothbrushes that have been
25 sold for a number of years. *See id.*

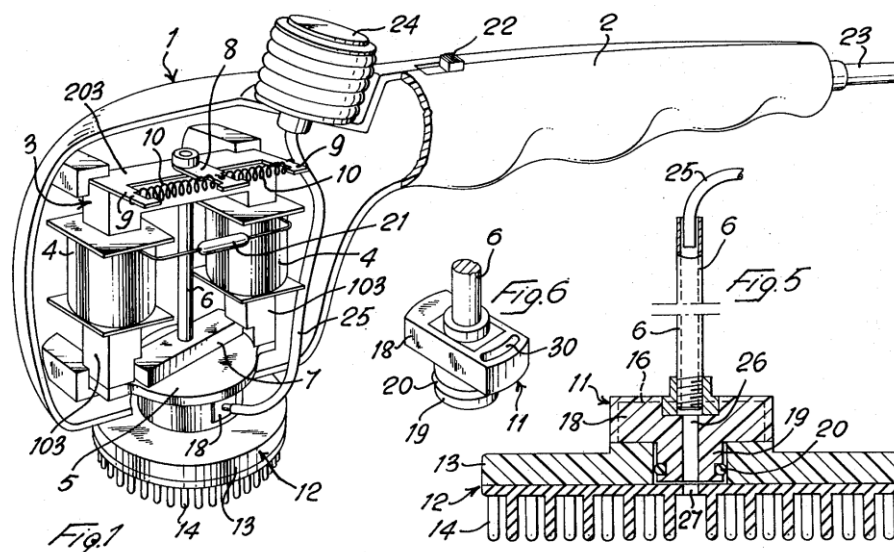
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Figure 21 from the embodiment claimed in the '691 Patent is reproduced below:

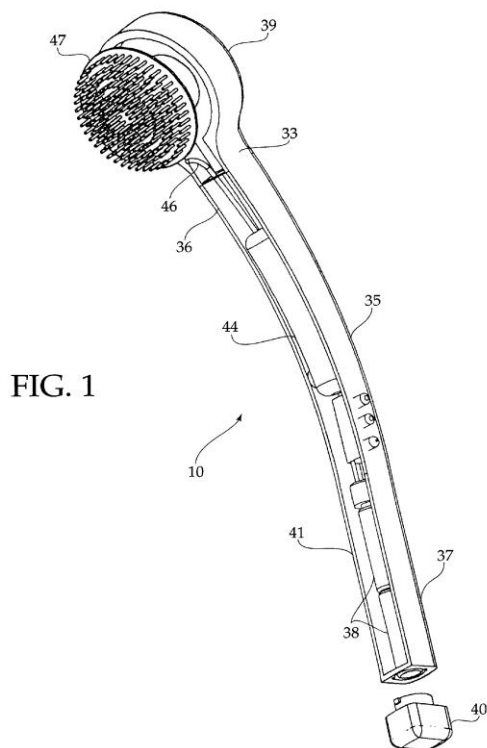


The application that issued as the '691 patent was filed on January 15, 2003. At that time, oscillating brushes were commonly used for toothbrushes and for either cleansing or massaging skin. For example, U.S. Patent No. 3,968,789 ("Simoncini patent"), which issued on July 13, 1976, disclosed a brush apparatus for cosmetic or curative treatment of the skin. *See* Weiss Declaration, Exhibit B. Similarly, U.S. Patent No. 6,170,108 ("Knight patent"), which issued on January 9, 2001, disclosed an electric scrub brush having an enhanced cleaning action to various portions of the back. *See* Weiss Declaration, Exhibit C. In addition, U.S. Patent No. 5,647,841 ("Groenewold patent"), which issued on July 15, 1997, teaches a skin treatment appliance having multiple adjacent circular brushes that create a kneading effect on the skin to perform both cosmetic and medical treatments. *See* Weiss Declaration, Exhibit D. Representative figures from the Simoncini, Knight, and Groenewold patents are reproduced below:

Simoncini patent:



Knight patent:



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Groenewold patent:

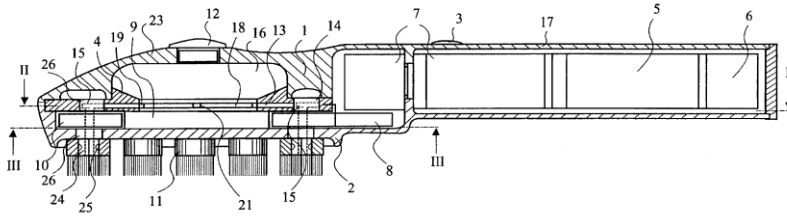


FIGURE 1

Before they filed the patent application that issued as the '691 Patent, at least one of the named inventors as well as the patent attorney prosecuting the '691 Patent each had knowledge of the Simoncini patent. On May 10, 1994, the USPTO issued U.S. Patent No. 5,309,590 ("590 Patent"), which describes and claims a vibrating toothbrush. *See* Weiss Declaration, Exhibit E. David Guiliani is one of the named inventors in the '590 Patent and the application that issued as the '590 Patent was prosecuted by Clark Puntingam. *See id.* The Simoncini patent was cited as prior art during prosecution of the application that issued as the '590 Patent, and is therefore listed as prior art on the face of the '590 Patent. Therefore, it is clear that both Guiliani and Puntingam were aware of the Simoncini patent during prosecution of the application that eventually issued as the '590 Patent.

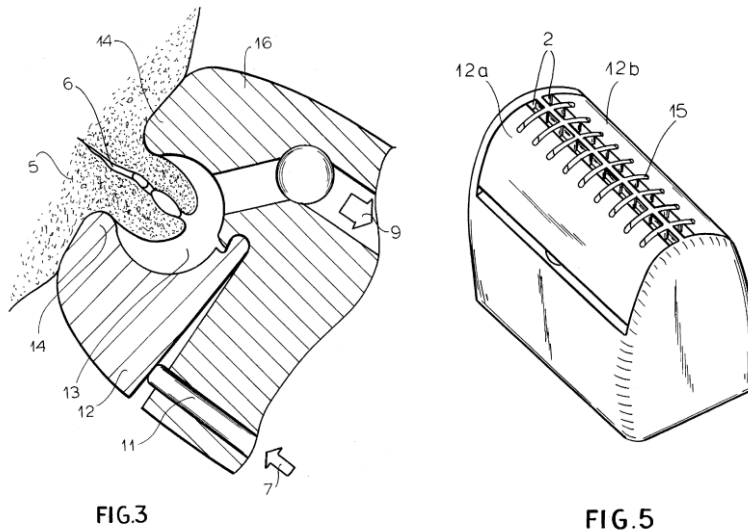
Despite having knowledge of the Simoncini patent, PBL, Guiliani, and Puntigam never cited the Simoncini patent to the USPTO during prosecution of the application that ultimately issued as the '691 patent -- or, for that matter, did they disclose Guiliani's '590 Patent.. Guiliani is a named inventor on both the '590 Patent and the '691 Patent. Similarly, Puntingam prosecuted both the application that issued as the '590 Patent and the application that issued as the '691 patent. Yet, despite the duty of disclosure imposed by 37 C.F.R. § 1.56, the Simoncini patent was not cited during prosecution of the '691 patent. *See Avid Identification Sys., Inc. v. The Crystal Import Corp.*, 603 F.3d 967 (Fed. Cir. 2010).

Because the relevant prior art scrub or massage brushes were not before the examiner, the examiner considered only dissimilar prior art that included rotary toothbrushes, suction

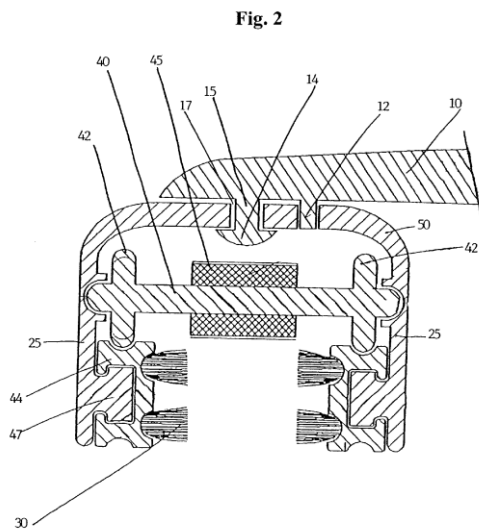
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1 type acne treatments, and shaving devices. *See* Weiss Declaration, Exhibits F, G, H, and I
 2 (U.S. Patent No. 6,343,396 to Simovitz, U.S. Patent No. 5,624,416 to Schatz, U.S. Patent No.
 3 3,756,105 to Balamuth, and U.S. Patent No. 3,750,279 to Cobarg). The dissimilarity of these
 4 devices can be easily seen when comparing diagrams from the Schatz and Simovitz patents to
 5 Figure 21 of the '691 patent.

6 Schatz patent:



16 Simovitz patent:



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Because of the dissimilarity between the prior art considered during prosecution of the application that issued as the '691 patent and the Simoncini, Knight, and Groenewold patents, the Examiner concluded that substantial new questions of patentability were created by the previously uncited and unconsidered prior art and issued the Order granting Pretika's request for reexamination. With respect to each of the Simoncini patent, the Knight patent, and the Groenewold patent, the Examiner concluded that "[t]he teachings identified above were not present in the prosecution of the application which became U.S. Patent No. 7,320,691." *Id.* at 6 (with respect to Simoncini patent); 7 (with respect to Knight patent); 8 (with respect to Groenewold patent). Because of the Examiner's finding that the previously uncited and unconsidered prior art creates substantial new questions of patentability as to multiple claims of the '691 patent and to conserve judicial resources and resources of the parties, Nutra Luxe respectfully requests that this Court stay this matter pending resolution of the reexamination by the USPTO.

II. ARGUMENT

The purpose a reexamination is to allow the USPTO "to review the efficacy of a patent, subsequent to its issuance, on the basis of new information about preexisting technology which may have escaped review *at the time of the initial examination of the patent application . . .*" *In re Swanson* 540 F.3d 1368, 1377 (Fed. Cir. 2008) (quoting U.S. Code Cong. & Admin. News 1980, pp. 6460, 6462, 6466) (emphasis added in Federal Circuit's opinion). Reexamination "increases the reliability of the USPTO's action in issuing a patent by reexamination of patents thought 'doubtful.'" *In re Etter*, 756 F.2d 852, 856 (Fed. Cir. 1985) (citing House Report No. 66-1307, 96th Cong., 2d Sess. (1980)). "The intent underlying reexamination is to 'start over' in the USPTO with respect to the limited examination areas involved, and to reexamine the claims. . . . Reexamination is thus neutral, the patentee and the public having an equal interest in the issuance and maintenance of valid

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1 patents.” *Id.* at 857. Here, a stay will increase the reliability of the USPTO’s determination
 2 relating to the ’691 patent by allowing the USPTO to reexamine the claims and to determine
 3 if they are novel and unobvious in view of the previously uncited and unconsidered
 4 Simoncini, Knight, and Groenewold patents.

5 “Courts have inherent power to manage their dockets and stay proceedings, including
 6 the authority to order a stay pending conclusion of a USPTO reexamination.” *Ethicon, Inc. v.*
 7 *Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). “[T]here is a liberal policy in favor of
 8 granting motions to stay proceedings pending the outcome of USPTO reexamination or
 9 reissuance proceedings,” *ASCII Corp. v. STD Enm’t USA, Inc.*, 844 F. Supp. 1378, 1381
 10 (N.D. Cal. 1994), because reexamination “could settle validity disputes more quickly and less
 11 expensively than the often protracted litigation involved in such cases.” *Patlex Corp. v.*
 12 *Mossinghoff*, 758 F.2d 594, 602 (Fed. Cir. 1985) (citing *Patent Reexamination: Hearings on*
 13 *S. 1679 Before the Comm. on the Judiciary*, 96th Cong., 1st Sess. 1 (1979)). Furthermore,
 14 staying a case pending the resolution of a patent reexamination has a number of benefits
 15 “including streamlining the case, simplifying or eliminating remaining issues, promoting
 16 settlement, alleviating discovery problems, providing the Court with the USPTO’s expert
 17 review of prior art, and reducing the length and expense of litigation.” *JAB Distribs., LLC v.*
 18 *London Luxury, LLC*, No. 09C5831, 2010 WL 1882010, *2 (N.D. Ill. May 11, 2010).

19 In determining whether to grant a stay, courts generally consider three factors:
 20 (1) whether a stay will simplify the issues in question and the trial of the case; (2) whether
 21 discovery is complete and whether a trial date has been set; and (3) whether a stay will unduly
 22 prejudice or present a clear tactical disadvantage to the non-moving party. *See Implicit*
 23 *Networks, Inc. v. Advanced Micro Devices, Inc.*, No. C08-184JLR, 2009 WL 357902, *2
 24 (W.D. Wash. Feb. 9, 2009). All three factors weigh in favor of granting a stay of these
 25 proceedings.

26 **A. A Stay Will Simplify the Issues and Trial of the Case**

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1 “Granting a stay ‘allow[s] [for] the reexamination of patent validity in an impartial
 2 forum at almost 100 times less cost to the parties by people trained to understand the
 3 technologies described in the patents.’” *See id.* (alteration in original) (citing *Canady v. Erbe*
 4 *Elektromedizin, GmbH*, 271 F.Supp.2d 64, 68 (D.D.C. 2002)). A stay would allow the
 5 USPTO to resolve any new questions of patentability and “eliminate[s] trial of that issue
 6 (when the claim is canceled) or [] facilitate[s] trial of that issue by providing the district court
 7 with the expert view of the USPTO (when a claim survives the reexamination proceeding).”
 8 *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983).

9 A stay is warranted in this case to simplify the issues before litigation. An Examiner
 10 having knowledge of the art under consideration at the USPTO has explicitly found that the
 11 previously uncited and unconsidered Simoncini, Knight, and Groenewold patents create
 12 substantial new questions of patentability of numerous claims of the ’691 patent. *See Weiss*
 13 *Declaration*, Exhibit A. Based on a well-reasoned review of this prior art, the Examiner
 14 concluded that “there is a substantial likelihood that a reasonable examiner would consider
 15 these teachings [of the Simoncini, Knight, and Groenewold patents] important in deciding
 16 whether or not the claim[s] [are] patentable.” *Id.* at 6-9. Statistics published by the USPTO
 17 concerning reexaminations show that in over 75 percent of the cases in which reexamination
 18 requests are granted, claims are either changed or cancelled. *See Weiss Declaration*, Exhibit
 19 J. Because it is highly likely that the USPTO will change or cancel some or all of the claims
 20 of the ’691 patent claim, this factor of the analysis weighs in favor of a stay. *See Aten Int’l*
 21 *Co., Ltd. v. Emine Tech. Co., Ltd.*, No. SACV09-0843, 2010 WL 1462110 at *7 (C.D. Cal.
 22 April 12, 2010) (“Because 92% of patents being reexamined change in some way . . . the
 23 Court risks enabling futile litigation that may have to be repeated if the patent changes.”)
 24 (citing USPTO Reexamination Filing Data).

25 If Nutra Luxe is required to defend against PBL’s assertion of the ’691 patent, both
 26 Nutra Luxe and PBL will be involved in expensive and protracted litigation. The costs of

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1 taking a patent case through trial are substantial to each party. *See* Weiss Declaration, Exhibit
 2 K (statistics published by the American Intellectual Property Law Association). Staying the
 3 case until conclusion of proceedings at the USPTO may eliminate these costs to both PBL and
 4 Nutra Luxe or substantially reduce the costs to both parties by narrowing the issues.
 5 Elimination or narrowing of the issues that is likely to result from reexamination will also
 6 foster judicial economy. *See In re Baker Hughes Inc.*, 215 F.3d 1297, 1302 (Fed. Cir. 2000)
 7 (“[P]atents should be reexamined when a substantial question of patentability is raised.”).

8 **B. Discovery Has Just Begun**

9 In this case, a stay pending the outcome of reexamination proceedings is “a sound
 10 means by which the court may facilitate resolution of this action.” because the parties are in
 11 the initial stages of the lawsuit and have taken only minimal discovery. *See ASCII Corp.*, 844
 12 F. Supp. at 1381. No depositions have been scheduled. “[T]he stage of litigation weighs in
 13 favor of entering a stay to allow the USPTO to use their expertise to determine the affects of
 14 the submitted prior art on the subject patents.” *See Pactool Int’l Ltd. v. Dewalt Indus. Tool*
 15 *Co.*, No. C06-5367BHS, 2008 WL 312677, *1 (W.D. Wash. Feb. 1, 2008); *see also Aten*,
 16 2010 WL 1462110 at *7 (granting stay pending reexamination when case was in its early
 17 stages). If the present matter continues and discovery ensues, both parties may expend much
 18 time and effort litigating claims that may eventually be found to be invalid.

19 **C. A Stay in these Proceedings Will Not Unduly Prejudice PBL**

20 PBL will not be unduly prejudiced if these proceedings are stayed pending the results
 21 of reexamination. *See Pactool*, 2008 WL 312677 at *2. As acknowledged by the Examiner,
 22 the prior art cited in the Reexamination Request—which was not previously cited to or
 23 considered by the USPTO—raises substantial new questions of patentability. (Certainly, with
 24 respect to the Simoncini reference, PBL’s failure to disclose during the prosecution of the
 25 ‘691 Patent should also be considered in weighing any claim of prejudice by PBL now.)
 26

1 “[P]rudence counsels in favor of staying the instant matter to allow the USPTO to apply their
2 expertise to resolve the patentability questions raised.” *See id.* at *2.

3 Any delay caused by the stay will be minimal. As the Examiner noted in her Order,
4 the reexamination “will be conducted with special dispatch.” Weiss Declaration, Exhibit A;
5 *see also* 35 U.S.C. § 305. “[T]he PTO itself has interpreted special dispatch to require that
6 ‘reexamination proceedings will be ‘special’ throughout their pendency’ in the office, and
7 provides for an accelerated schedule.” *Ethicon*, 849 F.2d at 1426. Moreover, USPTO rules
8 require that reexamination of patents involved in litigation “will have priority over all other
9 cases.” MPEP § 2261. Further, because PBL will be the only party ultimately involved in the
10 *ex parte* proceeding, it can speed the reexamination process by promptly responding to Office
11 Actions. For example, PBL can speed the reexamination process at the outset by promptly
12 either waiving its right to file a Patent Owner Statement or by filing such statement sooner
13 than the two months allowed by the Order. *See* Weiss Declaration, Exhibit A at 2. In any
14 event, any delay caused by a stay pending reexamination is outweighed by the public policy
15 of encouraging use of reexamination proceedings to reduce the cost and time spent litigating
16 claims that may ultimately be found to be invalid. *See Pactool*, 2008 U.S. WL 312677 at *1
17 (“Congress instituted the reexamination process to utilize the USPTO’s specialized expertise
18 to reduce costly and time consuming litigation.”).

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124887.0001/1912608.1

WEISS & MOY, P.C.
4204 N. BROWN AVE,
SCOTTSDALE, ARIZONA 85251
480-994-8888 FAX: 480-947-2663

1 **III. CONCLUSION**

2 For the foregoing reasons, Nutra Luxe respectfully requests that the Court stay the
3 current proceedings pending the outcome of the current reexamination proceedings ordered by
4 the USPTO in response to the Reexamination Request.

5 WEISS & MOY, P.C.

6
7 Dated: October 29, 2010

8 By s/ Jeffrey Weiss
9 Jeffrey Weiss (Pro Hac Vice)
10 Aaron Fong (Wash Bar No. 38,255)
11 4204 N. Brown Avenue
12 Scottsdale, Arizona 85251
13 Tel: (480) 994-8888
14 Fax: (480) 947-2663
15 jweiss@weissiplaw.com
16 afong@weissiplaw.com

17 Attorney for Defendant
18 Nutra-Luxe, MD
19
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23
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CERTIFICATE OF SERVICE

The undersigned certifies that on October 29, 2010, the foregoing instrument was electronically filed with the Court using the CM/ECF system, which will send notification of the filing to all counsel of record.

Dated this 29th day of October, 2010.

WEISS & MOY, P.C.

s/ Jeffrey Weiss

Jeffrey Weiss (Pro Hac Vice)

Aaron Fong (Wash Bar No. 38,255)

4204 N. Brown Avenue

Scottsdale, Arizona 85251

Tel: (480) 994-8888

Fax: (480) 947-2663

jweiss@weissiplaw.com

afong@weissiplaw.com

Attorneys for Defendant

Nutra Luxe MD, LLC

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124887.0001/1912608.1

WEISS & MOY, P.C.
4204 N. BROWN AVE,
SCOTTSDALE, ARIZONA 85251
480-994-8888 FAX: 480-947-2663